

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

AID-05 CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00

RSC-01 CIEP-02 SP-02 STR-04 TRSE-00 LAB-04 SIL-01

SAM-01 OMB-01 DODE-00 PA-02 PRS-01 SS-15 NSC-05 AGR-10

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APPROVED BY: EB/ITP: MWGLITMAN

TREAS:PSUCHMAN

EUR/RPE:AALBRECHT

STR:SLANDE

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS IMMEDIATE

INFO AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY DUBLIN PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, EEC

SUBJECT: PRESS REPORTS AND RELEASES ON EC RESTITUTION RESUMPTION

1. IN RESPONSE TO PRESS REPORTS INDICATING US AND EC MIGHT
BE ON BRINK OF A CHEESE WAR, TREASURY TODAY ISSUED FOLLOWING
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PRESS RELEASE: BEGIN TEXT:

ASSISTANT SECRETARY OF THE TREASURY DAVID R. MACDONALD ISSUED THE FOLLOWING STATEMENT TODAY REGARDING REPORTS OF A CHEESE WAR RESULTING FROM THE RESUMPTION OF SUBSIDIZATION OF CHEESE EXPORTS BY THE EUROPEAN COMMUNITY:

"LIKE THE REPORTS OF MARK TWAIN'S DEATH, THE REPORTS OF A "CHEESE WAR" BETWEEN THE EUROPEAN COMMUNITY AND THE UNITED STATES ARE GREATLY EXAGGERATED. THE RESUMPTION OF EXPORT RESTITUTION PAYMENTS BY THE COMMON MARKET WILL, INDEED BRING AN IMMEDIATE PRELIMINARY DETERMINATION BY THE TREASURY DEPARTMENT THAT A "BOUNTY OR GRANT", UNDER THE COCOUNTERVAILING DUTY LAWS DOES EXIST. THIS PRELIMINARY DETERMINATION, REQUIRED BY THE 1974 TRADE ACT, SHOULD BE PUBLISHED NEXT WEEK. THE NEXT STEP SOMETIME THEREAFTER, WILL BE A SIMULTANEOUS FINAL DETERMINATION 1) OF THE AMOUNT OF THE BOUNTY OR GRANT AND 2) WHETHER THE DISCRETIONARY PROVISIONS OF THE TRADE ACT OF 1974 CAN BE APPLIED TO THIS SITUATION."

"THE COMMON MARKET, IN THE COURSE OF CONSULTATIONS WITH THE US GOVERNMENT," MACDONALD NOTED, "HAS INDICATED THAT THIS RESUMED EXPORT PROGRAM WILL BE SUBSTANTIALLY MODIFIED FROM THE ONE WHICH WAS IN EFFECT PRIOR TO JULY 1974 WHEN RESTITUTION PAYMENTS ON EXPORTS TO THE UNITED STATES WERE SUSPENDED. THE EC IS FULLY AWARE OF THE PROVISIONS OF THE TRADE ACT OF 1974 AND THE THREE REQUIREMENTS IT CONTAINS FOR A WAIVER BY THE SECRETARY OF THE TREASURY OF THE IMPOSITION OF COUNTERVAILING DUTIES. THEY HAVE TOLD US THAT THIS NEW PROGRAM WILL BE OPERATED SO AS TO MEET THE STATUTORY CRITERIA FOR SUCH A WAIVER. CONCERNED AGENCIES OF THE US GOVERNMENT HAVE BEEN IN CONTACT WITH REPRESENTATIVES OF THE DOMESTIC DAIRY INDUSTRY AND INTERESTED MEMBERS OF CONGRESS REGARDING THE NEW EC PROGRAM, AND WILL CONTINUE THESE CONSULTATIONS AS THE TIME APPROACHES FOR A FINAL DECISION ON WHETHER OR NOT THE EC PROGRAM QUALIFIES UNDER THE STATUTORY CRITERIA."

2. DEPARTMENT PROVIDED FOLLOWING FOR USE IF NEEDED AT NOON BRIEFING: BEGIN TEXT:

PRESS REPORT IMMINENT U.S. EC "CHEESE WAR"

QUESTION: ARE WE ABOUT TO ENTER A CHEESE WAR WITH THE EUROPEAN UNCLASSIFIED

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COMMUNITIES AS WALTER CRONKITE SUGGESTED ON TV LAST NIGHT?

ANSWER: NO. WE HAVE BEEN WORKING CLOSELY WITH THE EUROPEAN COMMUNITY TO TRY TO RESOLVE PROBLEMS ARISING FROM THE IMPACT OF THEIR DAIRY MARKETING SYSTEM ON THE US MARKET. THE ISSUES ARE COMPLEX BUT THE DISCUSSIONS ARE BEING HELD IN A CLIMATE OF COOPERATION AND ON THE BASIS OF A MUTUAL DESIRE TO FIND A SATISFACTORY SOLUTION. I SUGGEST YOU CONTACT THE TREASURY DEPARTMENT FOR ANY

FURTHER DETAILS. FYI: NO QUESTIONS RECEIVED ON THIS TOPIC AT
JANUARY 7TH BRIEFING. END FYI. END TEXT.

3. MISSION SHOULD STRESS TO COMMISSION THAT PRELIMINARY
FINDING REFERRED TO IN TREASURY RELEASE IS REQUIRED BY LAW AND
THAT IT DOES NOT IN ANY WAY PREJUDGE DECISION ON WHETHER CRITERIA
ESTABLISHED BY TRADE ACT OF 1974 FOR EXERCISE OF DISCRETION HAS BEEN
MET. KISSINGER

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Decaption Note:
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Disposition Case Number: n/a
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Disposition Event:
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